

Revised per response from Dept. of Revenue

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$457,996	\$5,239,000	\$328,400	\$12,951,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$457,996</b>	<b>\$5,239,000</b>	<b>\$328,400</b>	<b>\$12,951,000</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 26 would establish a fee of \$0.27 on every retail delivery of tangible personal property.

The fee would not apply to:

- Retail delivery of tangible personal property that is exempt from sales and use taxes;
- Retail delivery by any entity that is exempt from sales and use taxes;
- Retail delivery by a new business during the year such business was formed;
- Retail delivery by a business during any year when the business had less than \$500,000 in retail sales for the previous year; and
- Delivery of tangible personal property that is a wholesale sale.

The fee would be paid by the purchaser or seller, collected by the seller, and remitted to and enforced by the Department of Revenue (DOR).

The fees would be credited to the General Fund.

The bill would become operative on January 1, 2025.

The DOR estimates the following revenue increases to General Fund revenues as a result of the bill:

- FY25: \$5,239,000
- FY26: \$12,951,000
- FY27: \$13,340,000

The DOR also estimates a one-time programming charge of \$263,796 to be paid to the Office of the Chief Information Officer (OCIO) as well as 3.0 FTE Revenue Operations Clerk II, 2.0 FTE Revenue Agent, and 1.0 FTE Fiscal Compliance Analyst as a result of the bill.

We agree with these estimates by the DOR, except that in FY25 the personnel costs should be half of what is estimated by the DOR due to the operative date of January 1, 2025 for the bill so that total expenditures for FY25 under the bill are estimated to be \$457,996.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 26	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 8/1/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 26 appears reasonable.			

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: James R. Kamm		Phone: 471-5896				
Date Prepared: LEAVE BLANK						
<u>FY 2024-2025</u>		<u>FY 2025-2026</u>		<u>FY 2026-2027</u>		
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	\$622,196	\$5,239,000	\$328,400	\$12,951,000	\$328,400	\$13,340,000
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$622,196</b>	<b>\$5,239,000</b>	<b>\$328,400</b>	<b>\$12,951,000</b>	<b>\$328,400</b>	<b>\$13,340,000</b>

LB 26 imposes a retail delivery fee of twenty-seven cents on every retail delivery of tangible personal property. The fee is paid the purchaser or seller and is collected by the seller and remitted and enforced by the Department of Revenue. The fee does not apply to:

- Retail delivery of tangible personal property that is exempt from sales and uses taxes.
- Retail delivery by any entity that is exempt from sales and use tax.
- Retail delivery by a new business during the year such business was formed.
- Retail delivery by a business during any year when the business had less than \$500,000 in retail sales for the previous year.
- Delivery of tangible personal property that is a wholesale sale.

It is estimated that this bill will have the following impacts on the General Revenue fund:

Fiscal Year	General Fund Revenues
FY 2024-25	\$5,239,000
FY 2025-26	\$12,951,000
FY 2026-27	\$13,340,000

LB 26 will require a one-time programming charge of \$263,796 paid to the OCIO for changes to NebFile Business-Sales and Use Tax. The Department will need to hire 3.0 FTE Revenue Op Clerk II, two Revenue agent, one Fiscal Compliance Analyst to implement this bill.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>24-25</u> <u>FTE</u>	<u>25-26</u> <u>FTE</u>	<u>26-27</u> <u>FTE</u>	<u>24-25</u> <u>Expenditures</u>	<u>25-26</u> <u>Expenditures</u>	<u>26-27</u> <u>Expenditures</u>
S29112	Revenue Op Clerk II	3.0	3.0	3.0	\$113,300	\$113,300	\$113,300
X29222	Revenue Agent	2.0	2.0	2.0	\$86,400	\$86,400	\$86,400
A21211	Fiscal Compliance Analyst	1.0	1.0	1.0	\$47,200	\$47,200	\$47,200
	Benefits.....				\$81,500	\$81,500	\$81,500
	Operating Costs.....				\$263,796		
	Travel.....						
	Capital Outlay.....				\$30,000		
	Capital Improvements.....						
	<b>Total.....</b>				<b>\$622,196</b>	<b>\$328,400</b>	<b>\$328,400</b>